

UNCLASSIFIED

Iraq

Status Report

March 3, 2010



Bureau of Near Eastern Affairs
U.S. Department of State

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TABLE OF CONTENTS

HIGHLIGHTS	3
POLITICAL	
• Governance & Legislation	4
SECURITY	
• Situation Update	9
ECONOMIC	
• Oil	10
• Fiscal and Monetary Affairs	12
• Energy	14
• Public Services – Electricity	15
DIPLOMATIC	
• Political Engagement	16
BEYOND BAGHDAD	17
Contact Information, Notes and Source Citations	18

HIGHLIGHTS



- **Iraqi Leaders Call for Participation in Upcoming Election (*POLITICAL*, page 4)**
- **Suspected Leader of ISI Cell Arrested (*SECURITY*, page 9)**
- **IMF Loan Aims to Provide Stability in Financial Management and Oil Sector Transparency (*ECONOMIC*, page 13)**
- **GOI Names New Ambassador to Kuwait (*DIPLOMATIC*, page 16)**

POLITICAL – Governance & Legislation

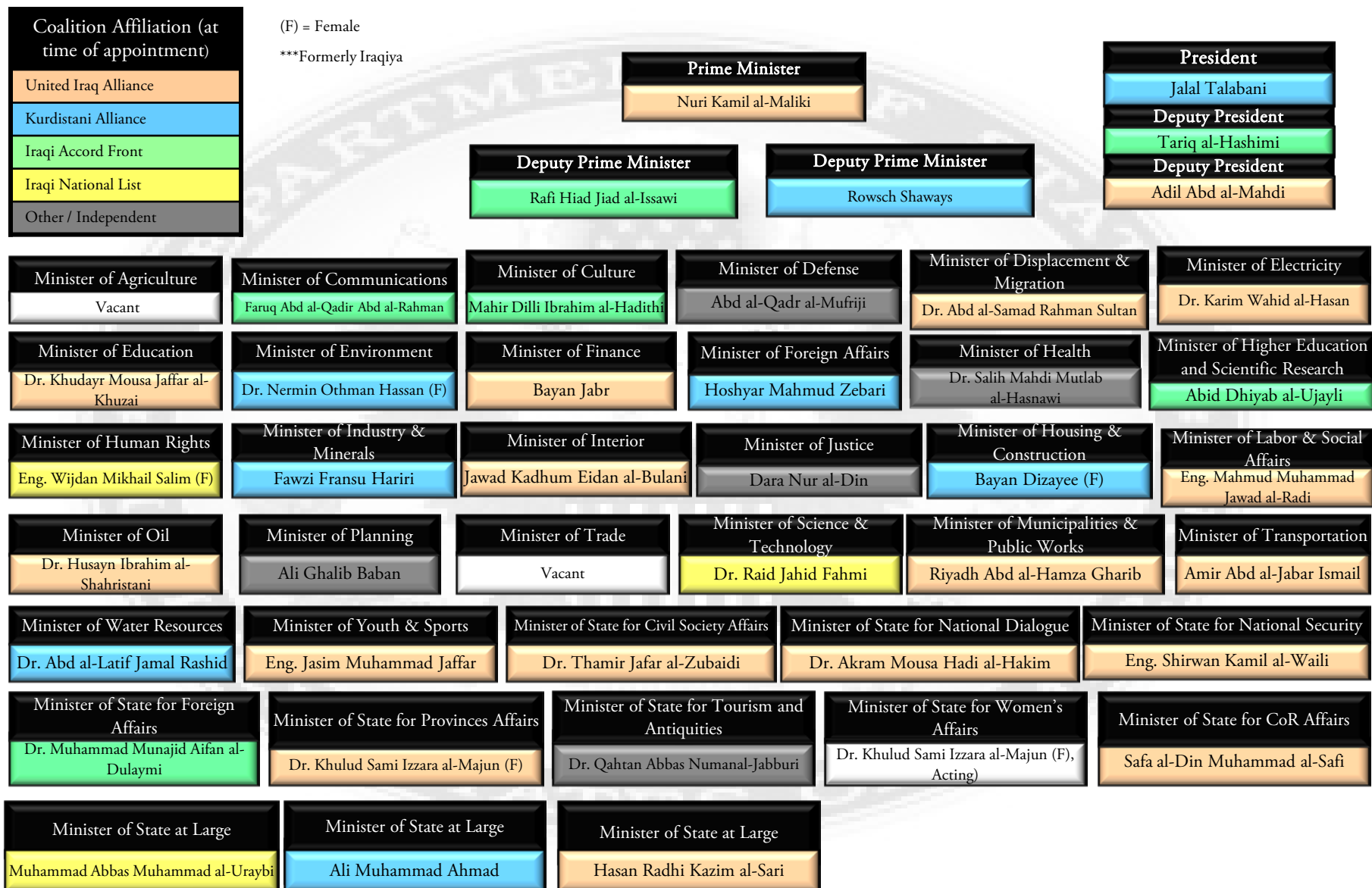


Iraq prepares for national election

Iraqi Leaders Call for Participation in Upcoming Election:

- Grand Ayatollah Ali al-Sistani has called on all Iraqis to participate in the upcoming election. A range of Iraqi political leaders, including Saleh Mutlaq, and international organizations such as the UN have echoed this statement.

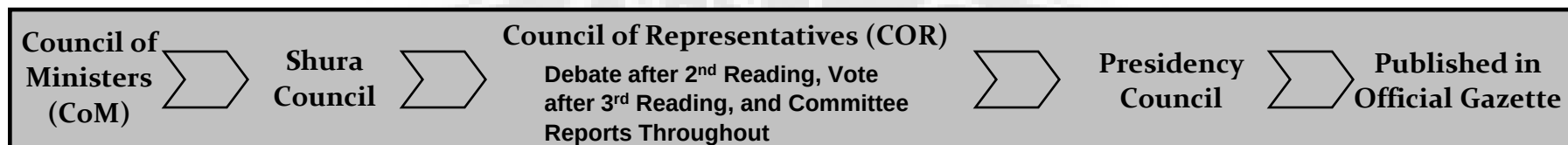
POLITICAL – Government of Iraq





POLITICAL – Key Legislative Issues

Legislative Process



- **Hydrocarbons Package:** The Framework Law was resubmitted to the Oil and Gas Committee on October 26, 2008 and then returned to the Council of Ministers. There has been no progress on the other three laws in the package.
- **NGO Law:** This law will regulate the operations and funding of Non-Governmental Organizations operating within Iraq. It received its first reading in the Council of Representatives on April 20, 2009.
- **National Elections Law:** The amended election law was approved by the Presidency Council on December 6.

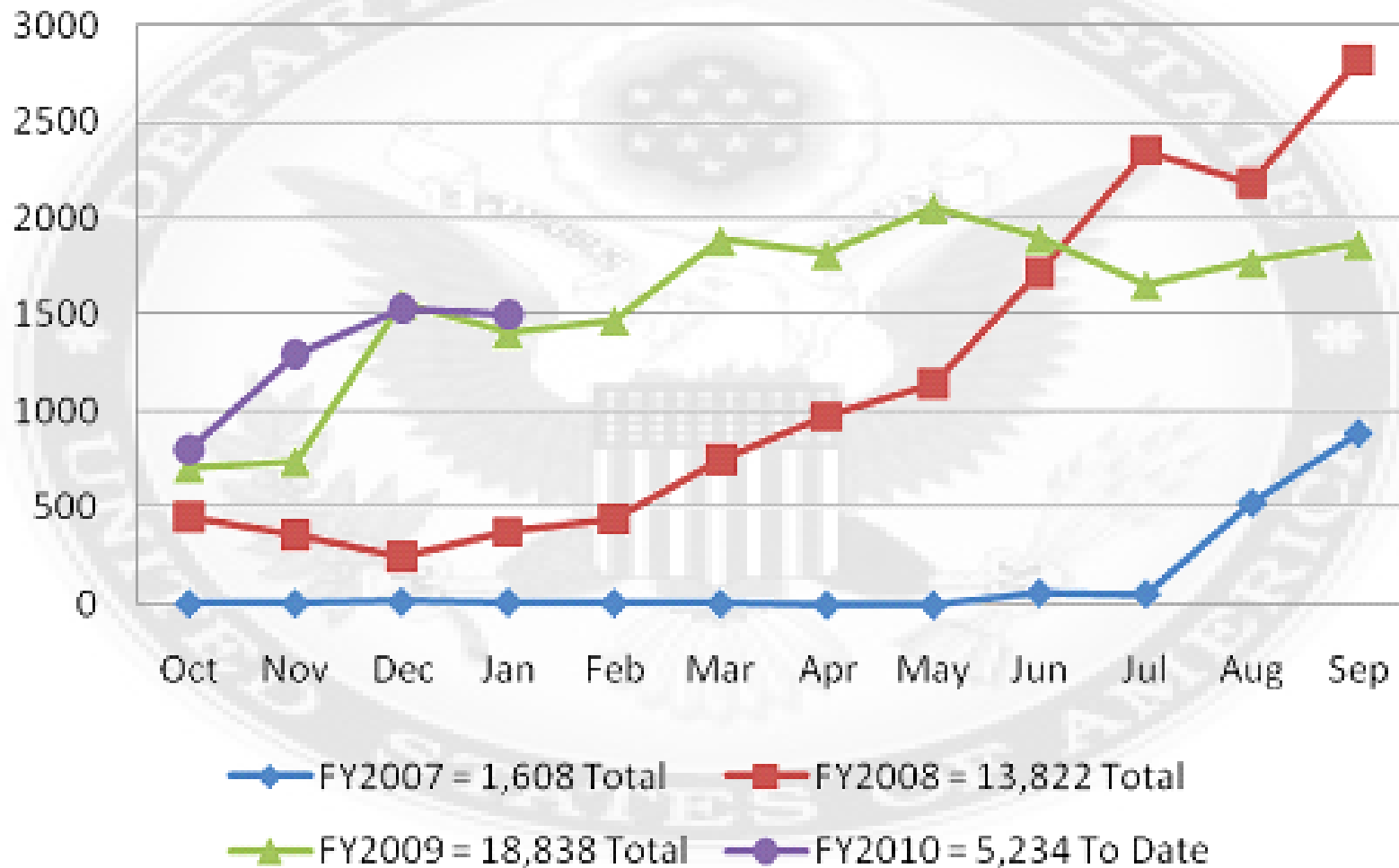
POLITICAL – Refugee Update



- There are approximately 295,000 Iraqi refugees currently registered with UNHCR in neighboring countries. There are likely significant numbers of unregistered refugees as well. UNHCR reports that 1.5 million Iraqis displaced by sectarian violence following the Samarra Mosque bombing of February 2006 remain internally displaced in Iraq.
- In FY09, the State Department's Bureau of Population, Refugees and Migration contributed \$ 303.4 million to international organizations and nongovernmental organizations to assist displaced Iraqis inside the country and in the region.
- Since the program's inception in FY07, 40,331 Iraqi refugees have been admitted for U.S. resettlement, an increase of 69 from last week. The U.S. admitted 18,838 Iraqi refugees in FY09.
- As of September 2009, a total of 1,606 Special Immigrant Visa (SIVs) have been issued for Iraqi translators and interpreters (and their dependents) since FY07 (under the Section 1059 program).
- As of September 2009, a total of 3,028 SIVs have been issued for Iraqis employed by or on behalf of the U.S. government (and their dependents) since FY08 (under the Section 1244 program).
- Secretary of State Hillary Clinton announced July 24 that the United States was contributing more than \$100 million in new assistance to support the return and reintegration of displaced Iraqis.

POLITICAL – Refugee Update

Iraqi Admissions to the U.S.



SECURITY – Situation Update



GOI continues efforts to combat attacks in advance of national elections amidst decreasing U.S. Forces

Suspected Leader of ISI Cell Arrested:

- A suspected leader of an Islamic State of Iraq (ISI) cell was arrested by Iraqi Security Forces (ISF) in Salah ad Din province. The suspect is allegedly responsible for a host of terrorist crimes in the province, including financing operations and housing foreign fighters. The suspect was arrested following an Iraqi-issued warrant for his arrest.

Suspected AQI Member Arrested; Believed Responsible for String of Assassinations:

- Iraqi Security Forces arrested a suspected al-Qaida in Iraq member responsible for nearly 50 assassinations in the Baghdad area. In a joint operation southwest of Baghdad, ISF and U.S. advisors arrested the suspect and two other accomplices.

Saddam-era Army Officers Reinstated:

- An Iraqi defense spokesman announced on February 26 that 20,000 Saddam-era Army Officers would be reinstated. The officers were dismissed from their posts after major combat operations ended in 2003. The 20,000 returnees are the largest known group to rejoin the officer corps since 2003 as part of an on-going process of reintegration. A Ministry of Defense official said that the officers were being screened for ties to crime or other atrocities of the previous Saddam Hussein government.

ECONOMIC – Oil



Crude Oil Update:

Price averages in world markets closed with the following prices:

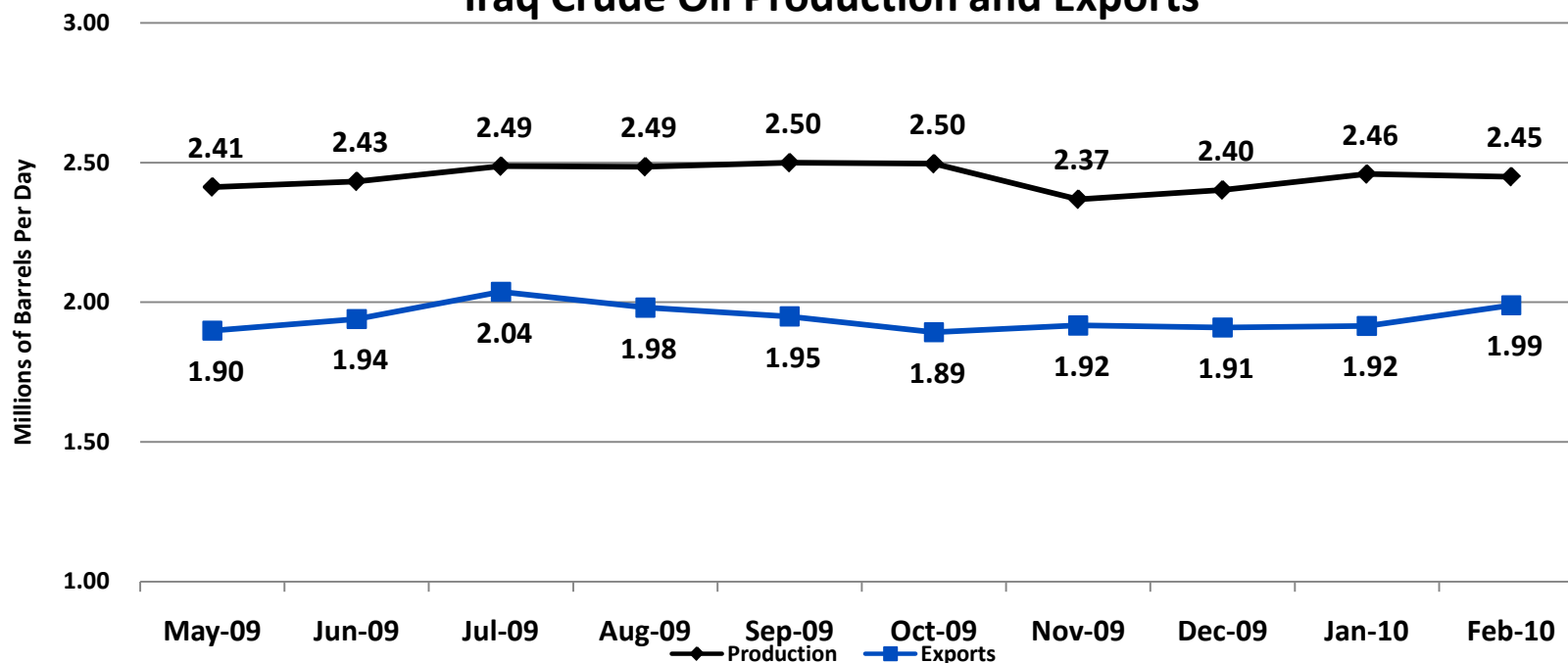
Basrah Light at \$74.96/barrel

Dated Brent at \$76.81/barrel

WTI Cushing at \$79.22/barrel

Oman/Dubai at \$75.91/barrel

Iraq Crude Oil Production and Exports



Revenue estimates:

2008: \$61.9 Billion

2009: \$ 39.2 Billion

2010 (ytd): \$5.1 Billion

ECONOMIC – Oil



Iraq moves ahead with bid round contracts

Turkish Petroleum Corporation Wins first Rumalia Contract for Oil Well Drilling:

- **State-run Turkish Petroleum International Corp won a \$318 million contract to drill 45 wells in Iraq's Rumaila oilfield, a senior Iraqi oil official said on March 1. "We are yet to make a decision on another tender to drill 56 wells in Rumaila. We are still evaluating the submitted bids," said Dhiya Jaafar, the head of Iraq's South Oil Company.**

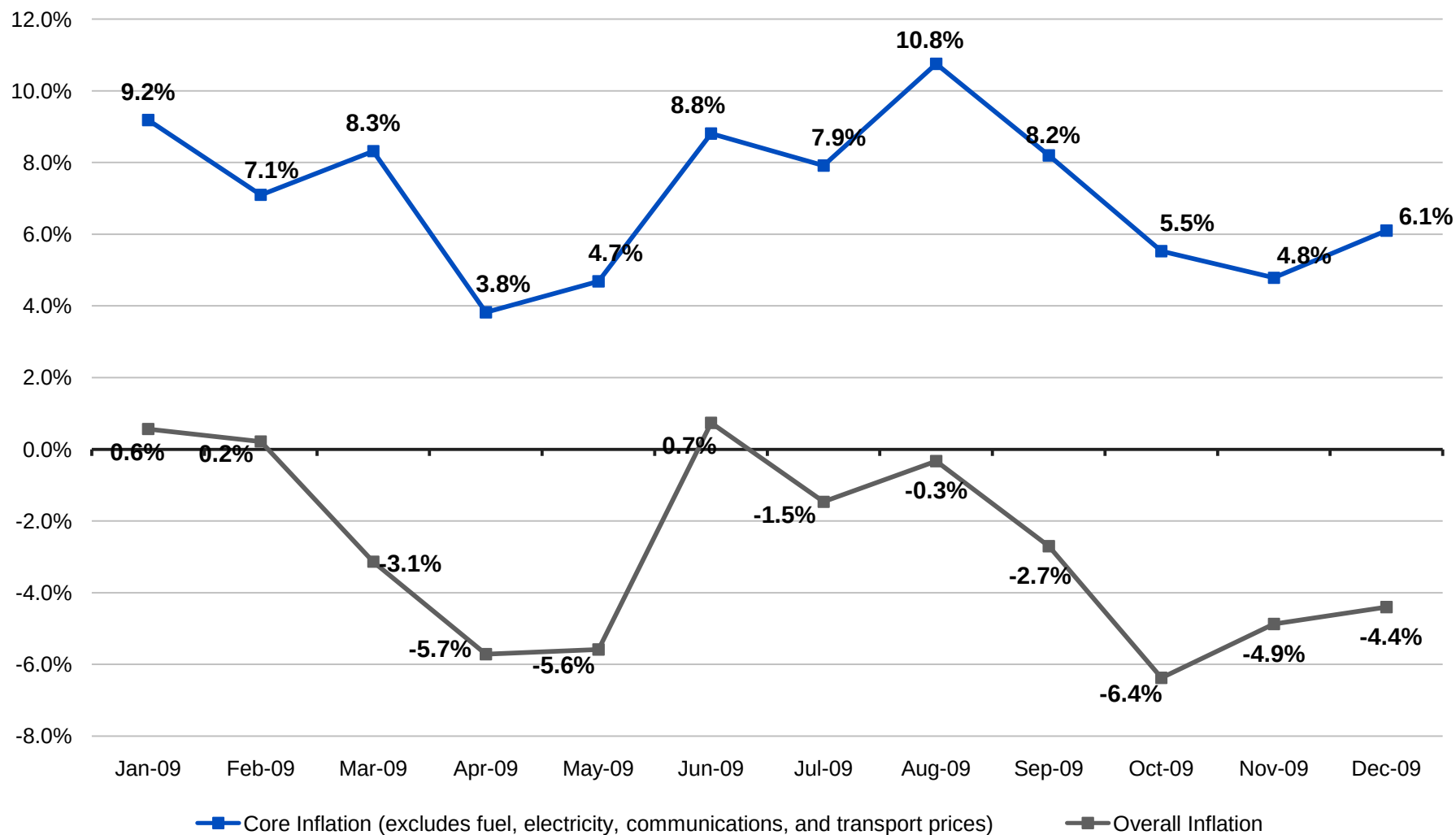
Non-Bid Round Offer Never Materializes:

- **Iraq has halted negotiations with Nippon Oil Corp after months of talks with a Japanese group led by Nippon Oil Corp reached a dead end because of financing issues, said Dhiya Jaafar, the head of Iraq's South Oil Company. "Talks with the Nippon group have reached a dead end, and we will start developing the field through national efforts." Iraq announced that it plans to develop the Nasiriya oilfield on its own.**

ECONOMIC – Fiscal and Monetary Affairs



Year-on-Year Inflation



ECONOMIC – Fiscal and Monetary Affairs



IMF awards \$3.64 billion loan for infrastructure repair and macroeconomic stability during transitional period

Economic Indicator	This Week	Last Week	Last Month	Last Year
Iraqi Debt Swap Bond Prices and Yields				
Price (USD)	\$78.48	\$77.89	\$73.76	\$64.50
Yield	8.09%	8%	8.12%	10.32%

IMF Loan Aims to Provide Stability in Financial Management and Oil Sector

Transparency:

- The International Monetary Fund (IMF) immediately dispersed \$455 million of a \$3.64 billion loan to Iraq for infrastructure repair. Acknowledging Iraq's potential for economic growth in 2010 will "probably be significantly stronger than it was last year" but will still require extra financing between 2010-2011, the IMF program will "provide a sound macroeconomic framework during a period of high economic and political uncertainty with the elections coming up in March," the IMF Mission Chief to Iraq said. The loan "aims to maintain stability during the period of political transition and deepen structural reforms, particularly in the areas of public financial management, the financial system, and oil sector transparency."

ECONOMIC – Energy



Royal Dutch Shell and Mitsubishi venture would enable efficient domestic distribution and export of gas

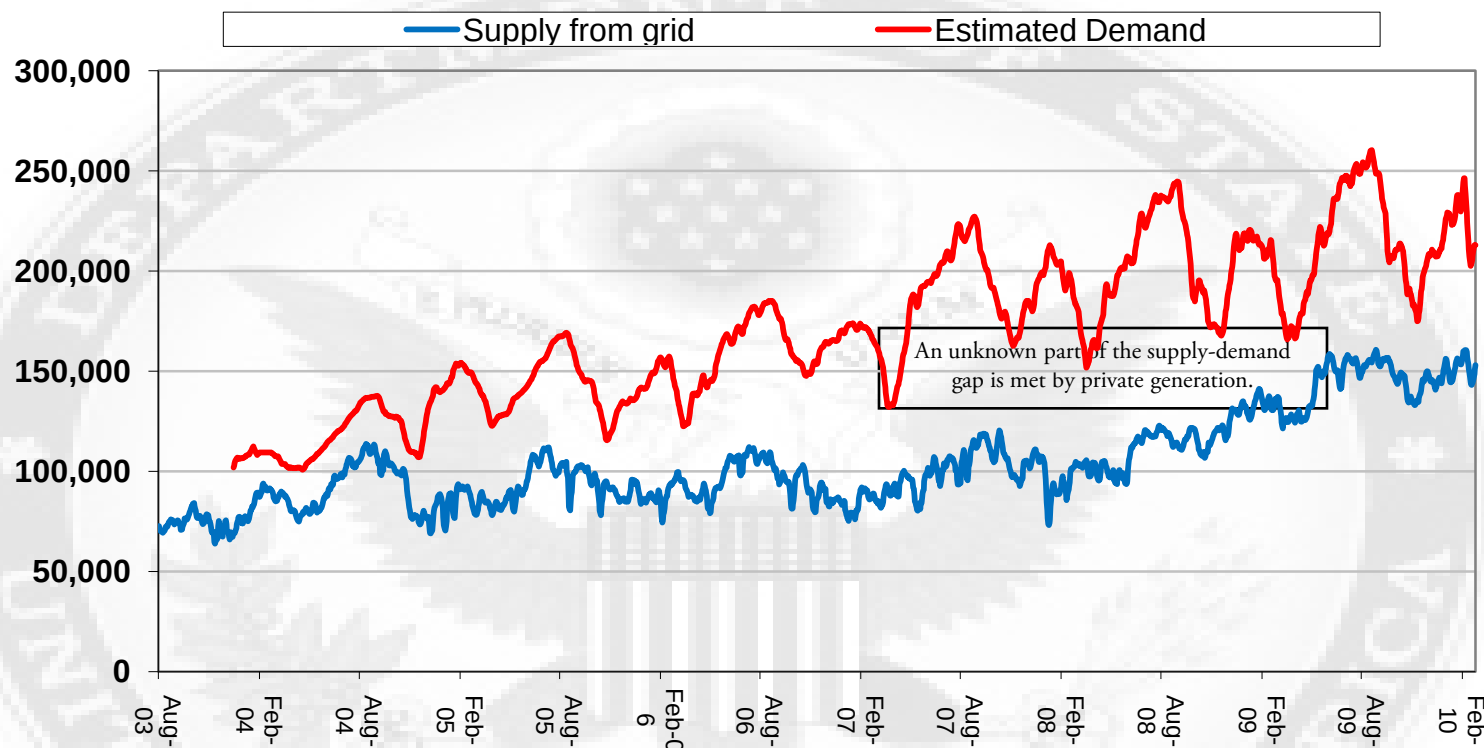
Iraqi South Oil Company, Royal Dutch Shell, and Mitsubishi Joint Venture:

- **Iraq and Royal Dutch Shell are continuing negotiations on a large natural gas deal near the southern oil hub of Basrah. The multi-billion-dollar joint venture between Iraq's South Gas Company, Shell, and Mitsubishi would enable the capture of huge amounts of gas for domestic use or export which are presently wasted through burning. Iraq's Oil Ministry spokesman Asim Jihad stressed Iraq's "ambitious plan to invest in its gas sector."**

Public Services – Electricity



Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Electricity supply from the grid for February was 14% above the same period in 2009 and met 69% of estimated demand, compared with 64% for the year-earlier period.
- Estimated February hours of power from the grid after meeting demand from essential services: Baghdad 15.5 and Iraq 15.0. For February 2009: Baghdad 15.3 and Iraq 14.5.

DIPLOMATIC – Political Engagement



GOI continues efforts to strengthen ties with regional neighbors

GOI Names Ambassador to Kuwait:

- The Government of Iraq (GOI) has named Mohammed Hussein Bahr al-Ulum as its first ambassador to Kuwait since 1990. Baghdad is waiting for Kuwait's approval to send the Iraqi ambassador. Kuwait has had diplomatic representation in Iraq since October 2008.

VP Hashemi Visits Syria:

- Iraqi Vice President Tariq al-Hashemi held a meeting with Syrian President Bashar al-Assad in Damascus on March 2 to overcome tensions and discuss the upcoming election in Iraq. Hashemi is the first senior Iraqi official to visit Damascus since the August 19 bombings in Baghdad.

Sweden Opens Consulate in Erbil:

- The Swedish government officially opened a consulate in the city of Erbil during a ceremony on February 25. The opening ceremony was attended by KRG Prime Minister Barham Saleh, Iraqi FM Hoshiyar Zebari, and Swedish FM Carl Bildt.

Beyond Baghdad



“...we will help Iraq's institutions strengthen their capacity to protect the rule of law, confront corruption, and deliver basic services.”

President Barack Obama

Recent Highlights

PRT Salah ad Din hosted over 60 Iraqis from the Iraqi Businessmen's Union for a very successful one-day business seminar. The seminar was attended by businessmen representing different companies from around the province, including the Samarra, Bayji, Tikrit and Ad Dawr regions. Attendees engaged in a productive five-hour discussion covering several topics: the local business environment, security, corruption, politics and regional commercial laws. The seminar was fruitful and attendees inquired if more such meetings could be held in the future.

Salah ad Din

Wasit

Members of the Wasit PRT attended a graduation ceremony of the Wasit Vocational Technical College located in Al-Kut on February 15. The vocational college, which received aid from the PRT, graduated the first class from its newly established Automotive Mechanical Engineering Course. The PRT was pleased to find such high levels of enthusiasm among the school's faculty and students and is encouraged by the positive developments its assistance had on the curriculum.



CONTACT INFORMATION

This brief draws from multiple sources. References are cited on the following pages.

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<http://2001-2009.state.gov/p/nea/rls/rpt/>
- Department of Defense, Section 9010 Measuring Stability and Security in Iraq
http://www.defenselink.mil/home/features/Iraq_Reports/index.html

Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov



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Slides 5-8:

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- Source for President Obama's Quote: http://www.whitehouse.gov/the_press_office/Remarks-of-President-Barack-Obama-Responsibly-Ending-the-War-in-Iraq